

Message Text

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E.O. 11652: GDS

TAGS: PFOR

SUBJECT: MORNING SUMMARY OF SIGNIFICANT REPORTS

1. OIL PRICES

IN RESPONSE TO THE US DEMARCHE ON OIL PRICES, ALGERIAN
ENERGY MINISTER ABDESSELAM GAVE AMBASSADOR PARKER AN
AIDE-MEMOIRE WHICH SAID:

--OIL PRICES HAVE BEEN ONLY A MINOR FACTOR IN WORLD
INFLATION, SINCE EARLIER OPEC PRICE FREEZES DID NOT
SLOW IT DOWN.

--THE UNNATURALLY LOW LEVEL OF PRE-1973 PRICES CON-
STITUTED A FORM OF EXPLOITATION OF THE LDC'S BY THE
DEVELOPED COUNTRIES.

--ALGERIA FAVORS A PRICE INCREASE WHICH PROTECTS
PRODUCER INTEREST WITHOUT JEOPARDIZING WORLD ECONOMIC
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RECOVERY.

EMBASSY COMMENT: THE ALGERIANS DO NOT WISH TO BURN THEIR BRIDGES WITH THE US, GIVEN THEIR NEED FOR OUR FINANCING. WE EXPECT THEY WILL BE NEITHER HAWK NOR DOVE AT DOHA.

(CONFIDENTIAL) ALGIERS 2875, 12/9.

2. BERLINGUER ACKNOWLEDGES PCI DILEMMA

EMBASSY ROME REPORTS ITALIAN COMMUNIST PARTY (PCI) CHIEF BERLINGUER, IN AN INTERVIEW PUBLISHED DECEMBER 10, ACKNOWLEDGED THAT THE PCI CANNOT REMAIN IMMOBILIZED IN ITS PRESENT ROLE, BUT HAS NO SHORT-TERM ALTERNATIVE TO CONTINUING TO SUPPORT THE ANDREOTTI GOVERNMENT. HE ADDED THAT:

--THE PCI MUST RELATE ITS SUPPORT FOR CURRENT AUSTERITY POLICIES TO CONCRETE PLANS FOR LONG-TERM IMPROVEMENT OR LOSE ITS ELECTORAL MOMENTUM.

--THE PCI SHOULD KEEP ITS OPTIONS OPEN BY PARTICIPATING IN RESOLVING CURRENT PROBLEMS, BUT MAINTAINING "STRONG PRESSURE" ON THE CHRISTIAN DEMOCRATS (DC).

--MODERATE FORCES IN THE DC RISK ABANDONING THEIR PARTY TO A GROWING RIGHT WING IF THEY FAIL TO COME UP WITH CONSTRUCTIVE AND PROGRESSIVE IDEAS.

EMBASSY COMMENT: BERLINGUER'S INTERVIEW IS A REMARKABLY CLEAR ADMISSION THAT THE PCI'S POLICY OF SUPPORTING THE DC IS CAUSING THE PARTY SERIOUS INTERNAL PROBLEMS. IT MAY ALSO BE A MESSAGE TO THE DC TO INCREASE COOPERATION AND TONE DOWN ITS "ANTI-HISTORIC COMPROMISE" RHETORIC, OR THE PCI WILL RECONSIDER ITS SUPPORT OF THE GOVERNMENT. (LIMITED OFFICIAL USE) ROME 20088, 12/9.

3. MANLEY'S PARTY FAVORED IN JAMAICA ELECTIONS

EMBASSY KINGSTON EXPECTS PRIME MINISTER MICHAEL MANLEY'S
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PEOPLE'S NATIONAL PARTY TO WIN A NARROW VICTORY IN THE DECEMBER 15 GENERAL ELECTION. IF SO, MANY JAMAICANS BELIEVE THE MANLEY GOVERNMENT WILL INTERPRET ITS VICTORY AS A MANDATE TO STEP UP ITS IMPLEMENTATION OF "DEMOCRATIC SOCIALISM" AND BRING ABOUT RADICAL CHANGES IN THE COUNTRY'S POLITICAL AND ECONOMIC INSTITUTIONS. A MANLEY WIN WILL ALSO BE VIEWED AS AN ENDORSEMENT OF JAMAICA'S POLICY OF MAINTAINING CLOSE LINKS WITH CUBA AND IDENTI-

FICATION WITH THE THIRD WORLD. (CONFIDENTIAL) KINGSTON
5375, 12/10 AND (CONFIDENTIAL) KINGSTON 5365, 12/9.

4. MOROCCAN-SPANISH RELATIONS ON THE MEND?

A MOROCCAN FOREIGN MINISTRY OFFICIAL HAS TOLD EMBASSY
RABAT THAT PROSPECTS FOR IMPROVED MOROCCAN-SPANISH
RELATIONS HAVE BRIGHTENED SOMEWHAT IN THE LAST FEW DAYS.
THE OFFICIAL CITED:

--THE AGREEMENT TO RESUME BILATERAL FISHING TALKS IN
MADRID;

--THE EXPECTED ARRIVAL IN MOROCCO OF SPANISH DELE-
GATIONS TO DISCUSS SUCH MATTERS AS COMPENSATION FOR
FORMER SPANISH LANDHOLDERS IN THE SAHARA; AND

--KING HASSAN'S ANNOUNCEMENT IN PARIS THAT HE WOULD
TRY TO RESCHEDULE HIS ABORTED TRIP TO SPAIN FOR THE
SPRING. (CONFIDENTIAL) RABAT 6585, 12/9. ROBINSON

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